

Senate File 2276 - Introduced

SENATE FILE 2276

BY RAGAN

A BILL FOR

1 An Act relating to savings for higher education and training
2 including creating an Iowa educational savings kick start
3 program and a hawkeye state matching grant program, and
4 making appropriations.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 12D.10A Iowa educational savings
2 kick start program — fund — appropriation.

3 1. As used in this section unless the context otherwise
4 requires:

5 a. "*Program*" means the Iowa educational savings kick start
6 program.

7 b. "*Qualified education expenses*" means the same as defined
8 in section 12D.1, except shall not include elementary or
9 secondary educational expenses for tuition described in section
10 529(c)(7) of the Internal Revenue Code.

11 c. "*Qualified student*" means the beneficiary designated to
12 benefit from advance payments of qualified education expenses
13 on behalf of the qualified student under this section.

14 d. "*School*" means a public elementary school located in this
15 state.

16 2. a. The Iowa educational savings kick start program is
17 created. The purpose of the program is to promote access to
18 postsecondary educational opportunities by creating a separate
19 account funded by the state for each qualified student who is a
20 resident of this state, upon commencement of the enrollment of
21 the qualified student in kindergarten at a school, to alleviate
22 the cost of qualified education expenses associated with
23 attending a postsecondary educational institution.

24 b. (1) The account shall be in addition to any other
25 participation agreement established under this chapter, or
26 to an account established in section 12D.10B. The treasurer
27 shall encourage and promote parents and guardians of qualified
28 students to enter into participation agreements under section
29 12D.3.

30 (2) Direct contributions shall not be made to the account
31 established on behalf of the qualified student in this section,
32 and the qualified student or the parent or guardian of the
33 qualified student account shall not be able to affect the
34 account, except as provided subsection 6.

35 (3) The treasurer shall make account balances within the

1 kick start education fund established in subsection 5 available
2 through a secured internet site to each parent or legal
3 guardian of a qualified student or to a qualified student.

4 3. Within one hundred twenty days of the start of the school
5 year, the department of education shall provide the treasurer
6 of state with the total number of kindergarten students
7 enrolled in schools for the school year beginning July 1, 2020,
8 and in each succeeding school year thereafter.

9 4. Commencing with the fiscal year beginning July 1, 2020,
10 and every year thereafter, there is annually appropriated from
11 the general fund of the state to the kick start education fund
12 established in subsection 5 an amount equal to the product of
13 one hundred dollars multiplied by the total number of resident
14 students enrolled in kindergarten in schools for the same
15 school year.

16 5. *a.* (1) A kick start education fund is established
17 in the state treasury under the control of the treasurer of
18 state consisting of funds appropriated to the fund pursuant to
19 subsection 4, any other funds appropriated to the fund, and
20 other moneys received by the treasurer of state for deposit in
21 the fund. The treasurer of state may accept gifts, grants,
22 bequests, and other private contributions for deposit into the
23 kick start education fund.

24 (2) The treasurer of state shall encourage and solicit
25 philanthropic support of the fund.

26 (3) Notwithstanding section 12C.7, subsection 2,
27 interest or earnings on moneys deposited in the kick
28 start education fund shall be credited to the scholarship
29 fund. Notwithstanding section 8.33, moneys credited to the
30 scholarship fund shall not revert at the close of a fiscal
31 year.

32 (4) The treasurer of state shall invest the moneys in the
33 kick start education fund in accordance with the public funds
34 investment standards in section 12B.10.

35 *b.* The treasurer of state shall use the moneys in the

1 scholarship fund to provide moneys to a qualified student for
2 the purpose of paying qualified education expenses and to pay
3 for the costs associated with the plan.

4 6. a. To receive moneys under the plan, a qualified student
5 must apply for the moneys with the treasurer of state on a form
6 prescribed by the treasurer.

7 b. A one-time payment of moneys shall be awarded if all of
8 the following apply at the time of the application:

9 (1) The qualified student is a resident of this state.

10 (2) The qualified student is not more than twenty-one years
11 of age.

12 (3) The qualified student is enrolled at a postsecondary
13 educational institution and incurs qualified education
14 expenses.

15 7. a. Upon qualifying under subsection 6, the treasurer
16 of state shall provide the qualified student with a payment in
17 the amount of one hundred dollars, plus the investment earnings
18 attributable to the one-hundred-dollar amount since the
19 enrollment of the qualified student as provided in subsection 2
20 as calculated by the treasurer of state, plus other investment
21 income as calculated in paragraph "b".

22 b. A qualified student shall also receive other investment
23 income as calculated by the treasurer of state in an amount
24 that equals a pro rata share of other unobligated moneys
25 received by the treasurer of state for deposit in the kick
26 start education fund including any gifts, grants, bequests,
27 private contributions, and the investment earnings attributable
28 to such moneys.

29 8. (1) No property rights in the kick start education fund
30 shall exist in favor of the qualified student.

31 (2) A payment pursuant to this section is not guaranteed and
32 is subject to appropriations by the general assembly, future
33 modifications, and investment gain or loss.

34 Sec. 2. NEW SECTION. 12D.10B Hawkeye state matching grant
35 program — fund — appropriation.

1 1. As used in this section unless the context otherwise
2 requires:

3 a. *"Annual household income threshold"* means annual adjusted
4 gross income that is less than seventy-five thousand dollars
5 in the calendar year immediately preceding the year of
6 application.

7 b. *"Program"* means the hawkeye state matching grant program.

8 c. *"Qualified education expenses"* means the same as defined
9 in section 12D.1, except *"qualified education expenses"* shall
10 include qualified educational expenses for qualifying training
11 programs if such programs are not considered qualified
12 educational institutions, but *"qualified education expenses"*
13 does not include elementary or secondary education expenses for
14 tuition described in section 529(c)(7) of the Internal Revenue
15 Code.

16 d. *"Qualified student"* means the beneficiary designated to
17 benefit from advance payments of qualified education expenses
18 on behalf of the qualified student under this section, whose
19 household meets the annual household income threshold.

20 e. *"Qualifying training programs"* means the pathways for
21 academic career and employment in chapter 260H, the gap tuition
22 assistance program in chapter 260I, and the skilled workforce
23 shortage tuition grant program in section 261.130.

24 2. a. The hawkeye state matching grant program is
25 created. The purpose of the program is to promote access to
26 postsecondary educational opportunities including qualifying
27 training programs by entering into participation agreements
28 with participants that contain matching funds from the state
29 for each qualified student who is a resident of this state, to
30 alleviate the cost of qualified education expenses associated
31 with attending a postsecondary educational institution or
32 qualifying training program.

33 b. (1) The account shall be established in the same manner
34 as a participation agreement under section 12D.3, and shall
35 have the same attributes as such an account except as otherwise

1 provided in this section.

2 (2) The treasurer shall encourage and promote entering into
3 participation agreements pursuant to this section to parents
4 and guardians of qualified students who are under the annual
5 household income threshold limit, and shall encourage and
6 solicit philanthropic support of the program.

7 3. *a.* For each participation agreement entered
8 into pursuant to this section, the state shall match
9 dollar-for-dollar each dollar contributed by the participant to
10 the account established pursuant to this section, up to three
11 hundred matching dollars per year, not to exceed one thousand
12 five hundred dollars in matching dollars in the aggregate per
13 qualified student.

14 *b.* There shall be no matching contribution to an account
15 created under this section after the qualified student turns
16 thirteen years of age.

17 4. *a.* If a parent or legal guardian chooses to enroll
18 a child in the program, the parent or legal guardian shall
19 return a completed application to the treasurer of state along
20 with a copy of the parent's or legal guardian's tax returns in
21 order to determine if the child qualifies for enrollment in the
22 program.

23 *b.* Upon receipt of the application and tax returns pursuant
24 to paragraph "a", and if the annual household income thresholds
25 have been met, the child shall be enrolled in the program.

26 *c.* If state matching funds have not been used by the
27 qualified student by the twenty-first birthday of the student,
28 the state matching funds shall be withdrawn from the account of
29 the qualified student and used to match contributions of other
30 qualified students.

31 *d.* The treasurer of state shall take measures to ensure the
32 security and confidentiality of the information received under
33 this subsection.

34 5. *a.* A hawkeye state matching grant fund is established
35 in the state treasury under the control of the treasurer of

1 KICK START EDUCATIONAL PROGRAM. The bill creates the Iowa
2 educational savings kick start program. The purpose of the
3 program is to promote access to postsecondary educational
4 opportunities by providing for the creation of a separate
5 account funded by the state for each qualified student who is
6 a resident of this state, upon commencement of the enrollment
7 of the qualified student in kindergarten at a public school in
8 this state, to alleviate the cost of expenses associated with
9 attending a postsecondary educational institution.

10 Within 120 days of the start of the school year, the bill
11 requires the department of education to provide the treasurer
12 of state with the total number of kindergarten students
13 enrolled in public schools in this state for the school year
14 beginning July 1, 2020, and in each succeeding school year
15 thereafter.

16 The bill establishes a kick start education fund in the state
17 treasury under the control of the treasurer of state consisting
18 of funds appropriated to the kick start education fund, any
19 other funds appropriated to the kick start education fund, and
20 other moneys received by the treasurer of state for deposit in
21 the fund. The bill permits the treasurer of state to accept
22 gifts, grants, bequests, and other private contributions for
23 deposit into the kick start education fund.

24 Commencing with the fiscal year beginning July 1, 2020,
25 the bill appropriates from the general fund of the state to
26 the kick start education fund an amount equal to the product
27 of \$100 multiplied by the number of resident students who
28 in enroll in kindergarten in public schools for the school
29 year starting with the school year beginning July 1, 2020,
30 and such an appropriation shall be annually made each fiscal
31 year thereafter based upon the product of \$100 multiplied by
32 enrollment figures in succeeding school years.

33 In order to receive moneys under the bill, a qualified
34 student must apply for the moneys with the treasurer of state
35 on a form prescribed by the treasurer.

1 A one-time payment of moneys shall be awarded pursuant to
2 the bill if all of the following apply at the time of the
3 application: the qualified student is a resident of this
4 state, the qualified student is not more than 21 years of
5 age, and the qualified student is enrolled at a postsecondary
6 educational institution and incurs qualified education
7 expenses.

8 Upon qualifying for the payment of moneys under the bill,
9 the treasurer of state shall provide the qualified student with
10 a payment in the amount of \$100, plus the investment earnings
11 attributable to the \$100 amount since the enrollment of the
12 qualified student in the program plus any other investment
13 income as calculated by the treasurer.

14 The bill provides that no property rights in the kick start
15 education fund shall exist in favor of the qualified student.

16 HAWKEYE STATE MATCHING GRANT FUND. The bill creates the
17 hawkeye state matching grant program. The purpose of the
18 program is to promote access to postsecondary educational
19 opportunities including qualified training programs by entering
20 into participation agreements under Code chapter 12D (529
21 plans) that contain matching funds from the state for each
22 qualified student who is a resident of this state, to alleviate
23 the cost of expenses associated with attending a postsecondary
24 educational institution or qualifying training program.

25 In addition to using funds in the account created in the bill
26 to pay for educational expenses at a postsecondary educational
27 institution, the bill specifies that educational expenses for
28 the following programs also qualify: the pathways for academic
29 career and employment in Code chapter 260H, the gap tuition
30 assistance program in Code chapter 260I, and the skilled
31 workforce shortage tuition grant program in Code section
32 261.130.

33 The account shall have the same attributes as a 529 account
34 except as otherwise provided in the bill.

35 For each hawkeye state matching grant account created

1 pursuant to the bill, the state shall match dollar-for-dollar
2 each dollar contributed by the owner of the account, up to \$300
3 matching dollars per year, not to exceed \$1,500 in matching
4 dollars in the aggregate per qualifying student. The bill
5 discontinues matching contributions to an account created after
6 the qualified student turns 13 years of age. A student whose
7 annual household adjusted gross income is more than \$75,000 is
8 not eligible for the program.

9 If a parent or legal guardian chooses to enroll a qualified
10 student in the hawkeye state matching grant program, the parent
11 or legal guardian shall return a completed application to the
12 treasurer of state along with a copy of the parent's or legal
13 guardian's tax returns in order to determine if the student
14 qualifies for enrollment in the program.

15 Upon receipt of the application and tax returns, and if the
16 annual household income thresholds have been met, the student
17 shall be enrolled in the program.

18 If state matching funds have not been used by the qualified
19 student by the 21st birthday of the student, the bill requires
20 the state matching funds to be withdrawn from the account of
21 the qualified student and used to match contributions of other
22 qualified students.

23 The bill creates a hawkeye state matching grant fund in the
24 state treasury under the control of the treasurer of state
25 consisting of funds appropriated to the fund and any other
26 moneys received by the treasurer of state for deposit in
27 the fund. The treasurer of state may accept gifts, grants,
28 bequests, and other private contributions for deposit into the
29 fund.

30 The bill requires the moneys in the fund to be used to match
31 the contributions of the owners of the hawkeye state matching
32 grant account.

33 The bill specifies it is the intent of the general assembly
34 to appropriate moneys for deposit in the hawkeye state matching
35 grant fund for the fiscal year beginning July 1, 2020, and for

1 each fiscal year thereafter, in an amount sufficient to pay any
2 matching dollars required by the program.

3 The bill specifies that a hawkeye state matching account
4 shall not be counted as an asset for purposes of the
5 supplemental assistance program, the Medicaid program, the
6 family investment program, or the children's health insurance
7 program.

8 The bill provides that no property rights of the state
9 matching funds exist in the hawkeye state matching grant
10 account in favor of the qualified student.